



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1507 (1965)

December 1, 1986

SUBJECT: Servicing Responsibilities for Labor Housing (LH)

TO: All State Directors, State Directors-at-Large,
Rural Housing Chiefs, District Directors,
and County Supervisors, FmHA

Purpose/Intended Outcome:

This Administrative Notice (AN) is issued to clarify the servicing responsibilities for Labor Housing (LH) loans, particularly LH loans to individual borrowers with single family (SF) type units.

Implementation Responsibilities:

As part of a recent audit of the LH program by the Office of the Inspector General (OIG), the following findings were disclosed:

1. The Farmers Home Administration (FmHA) needs to ensure that field personnel are aware of their responsibilities and duties concerning the supervision and servicing of the LH program.
2. FmHA needs to clarify its regulations concerning LH supervision and servicing requirements by various levels of management, the applicability of FmHA Instruction 1930-C to multifamily and single family LH projects, and what servicing actions are required for LH units not serving intended program objectives.

FmHA Instruction 1944-D, Section 1944.154 sets forth the responsibilities for processing and servicing LH loans. In those cases where the LH loan servicing responsibility has been delegated to the County Supervisor, District Directors should make sure that these County Supervisors receive adequate training in LH servicing.

At a minimum, the appropriate servicing official specified in Section 1944.154 will take the following action to service individual-type LH accounts:

1. Schedule all LH borrowers that have not been visited in the past 12 months for a security servicing visit. This visit may be in conjunction with any scheduled farm visits, if appropriate, and should be to determine:
 - a. That the security for the LH loan is meeting the intended objective of the program and is being adequately maintained.

EXPIRATION DATE: December 31, 1987

FILING INSTRUCTIONS: Preceding
FmHA Instruction 1965-B

- b. That all units are being occupied by eligible farm workers as defined in Section 1944.153 of FmHA Instruction 1944-D.
2. Determine that there is adequate insurance coverage as required by FmHA Instruction 426.1.
 3. Ascertain that real estate taxes are current.
 4. Determine that the LH loan account is current. If the account is not current, a delinquency reduction plan should be prepared as required by Attachment C to FmHA AN No. 1490(1951) dated November 4, 1986.

Any borrowers determined to be in violation of any of the above items or any of the covenants of their note, mortgage, related security agreement, or other agreement should be handled in accordance with FmHA Instructions 1930-C and/or 1965-B, as appropriate.



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Administrator